



The Economic Effects of COVID-19

Preliminary Analysis

April 7, 2020

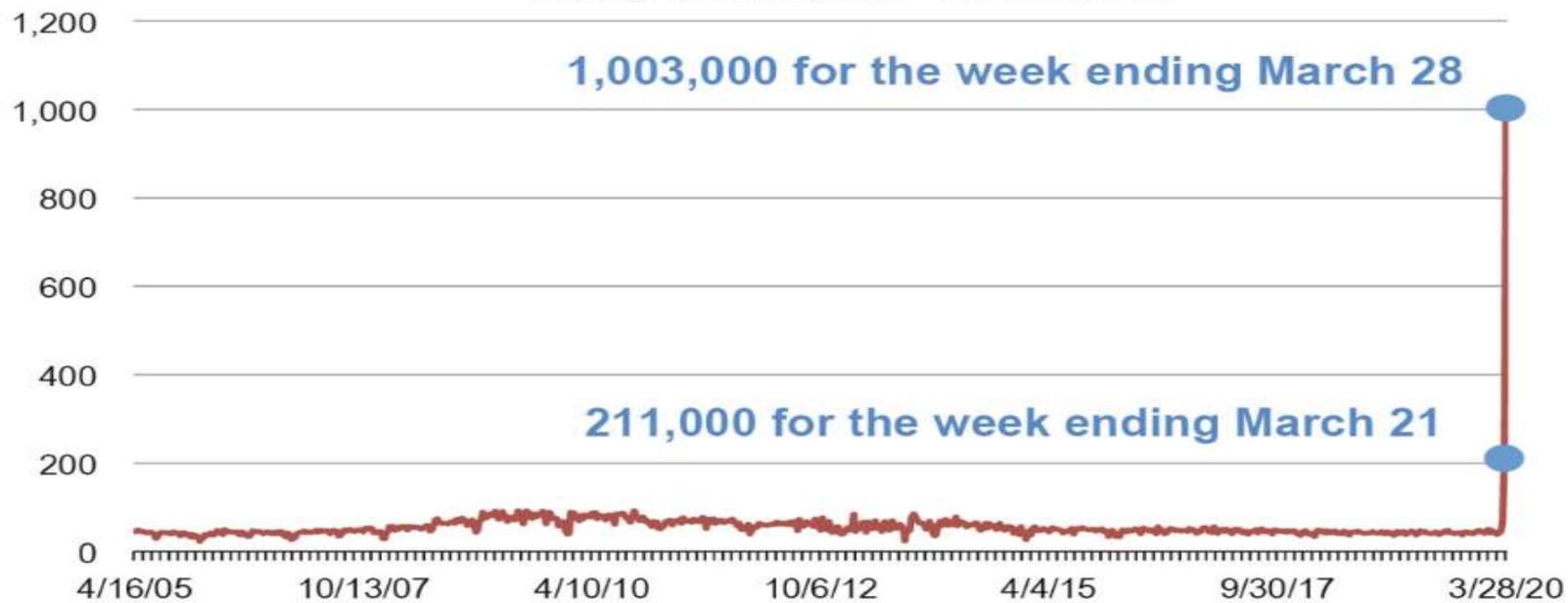
Prepared by: Tarik Rahmani

Finance Department

Initial Claims for Unemployment Insurance California

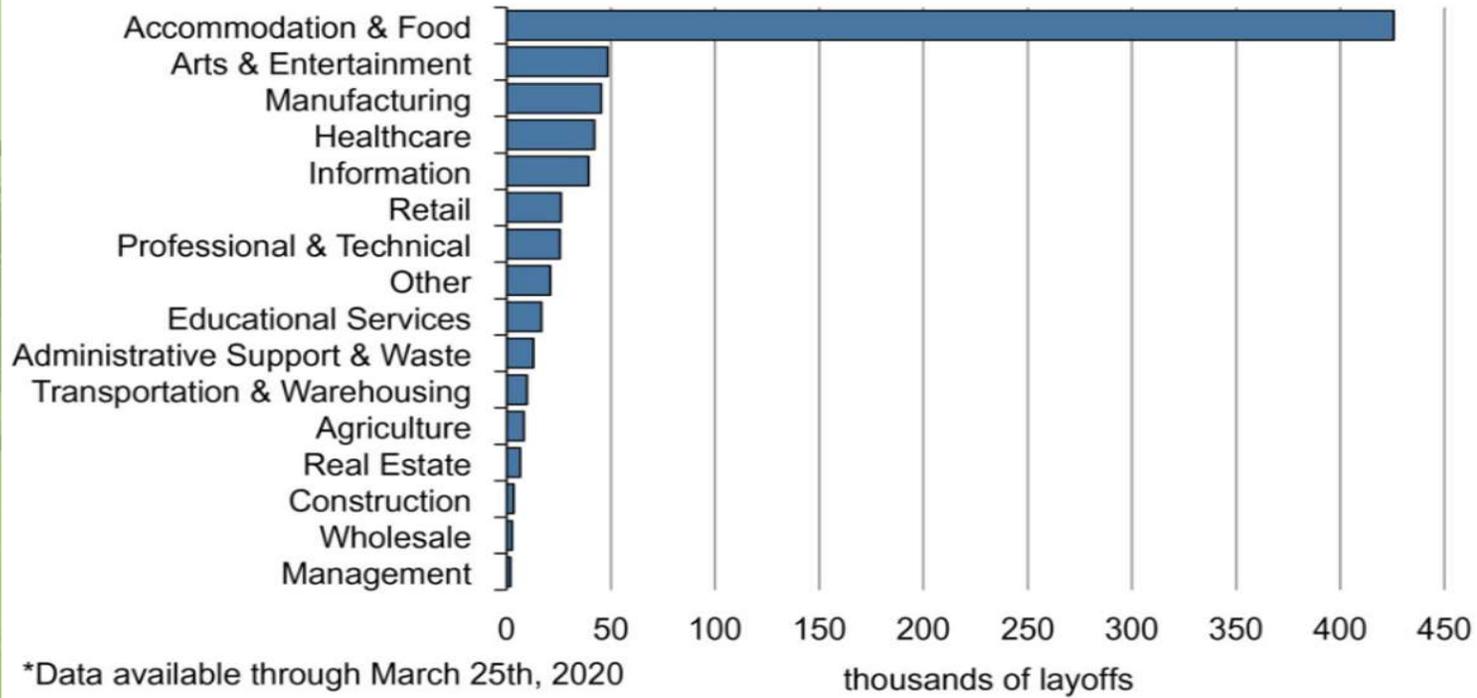
thousands
of claims

Weekly: March 28, 2015 - March 28, 2020



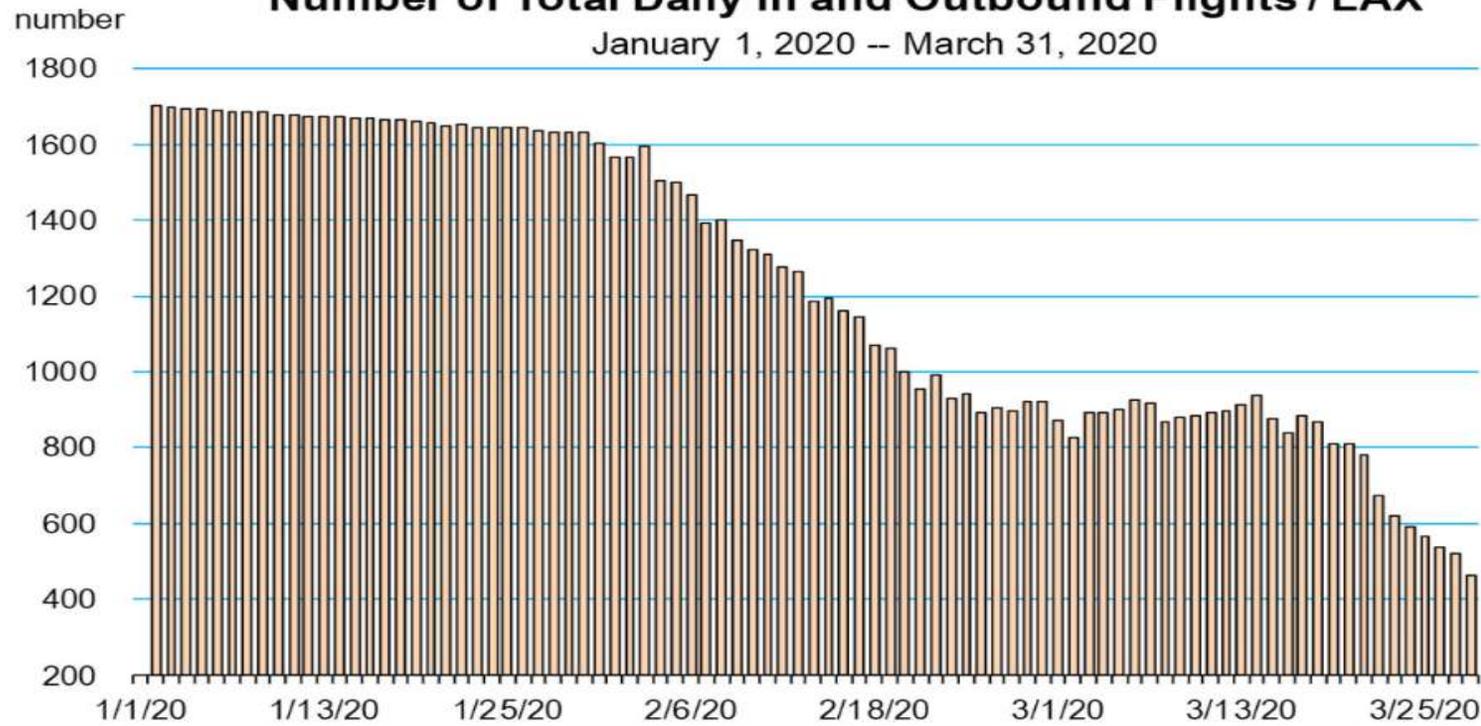
California Layoffs by Sector

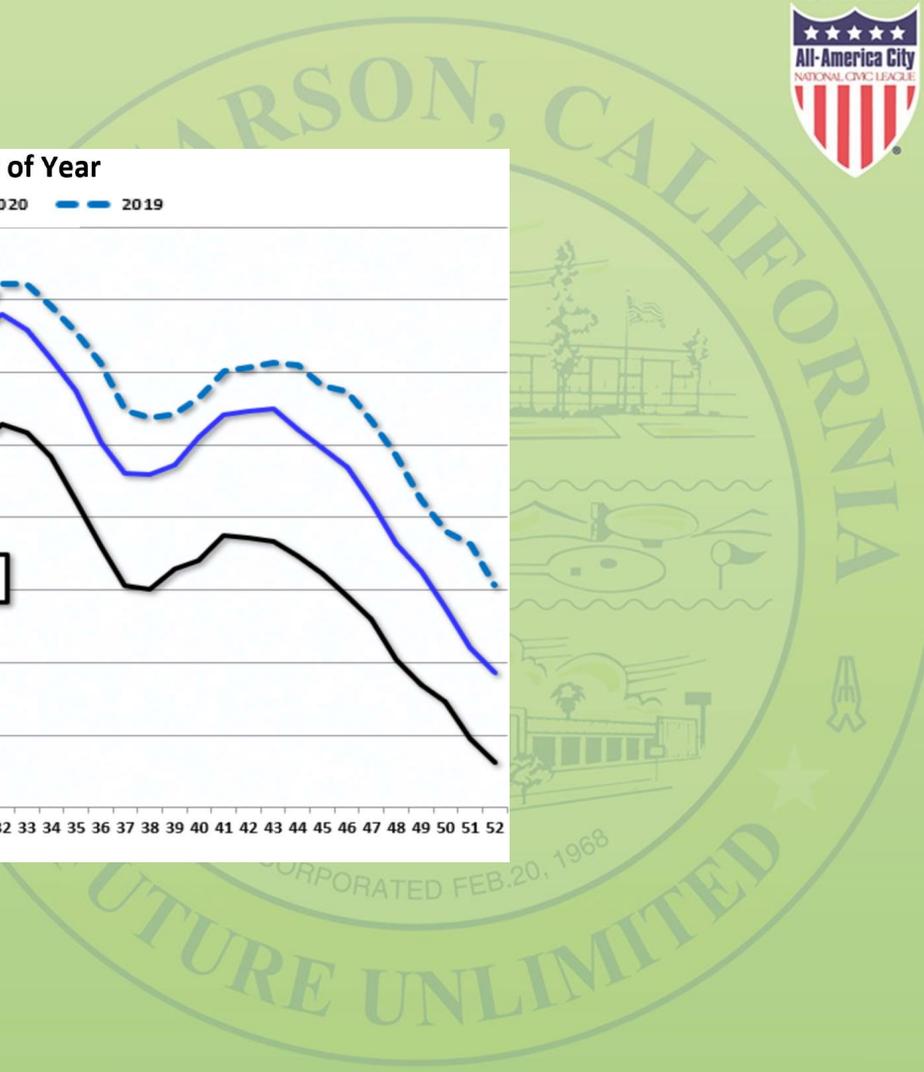
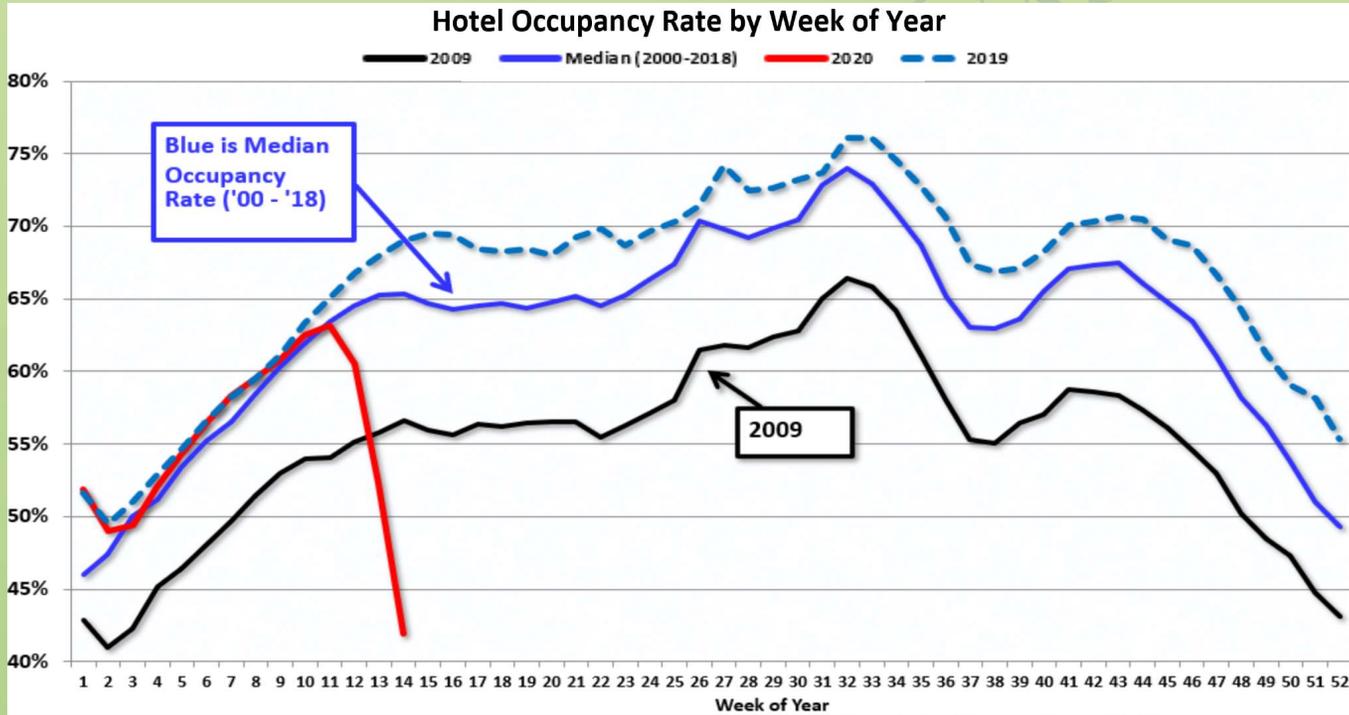
March 2020*



Number of Total Daily In and Outbound Flights / LAX

January 1, 2020 -- March 31, 2020







The Outlook for FY 2019-2020 Year-End

	2019-2020 Budget	2019-2020 Year-End Forecast (Mid-Year Feb 2020 Update)	2019-2020 Year-End Forecast (April 2020 Update)
Beginning Fund Balance	\$39,219,969	\$45,235,652	\$45,235,652
Revenues	\$88,652,165	\$91,411,982	\$80,223,590
Expenditures	\$92,098,798	\$92,721,798	\$92,721,798
Deficit	(\$3,446,633)	(\$1,309,816)	(\$12,498,208)
Ending Fund Balance	\$35,773,336	\$43,925,836	\$32,737,444



Sales Tax Revenues Forecast

Fiscal Year 2019-2020 Year End Projections Sales Tax revenue

Adopted Budget for FY 2019-20		\$24,672,756
Economic Adjustments		
Autos & Transportation	-26.8%	(\$1,010,200)
Business & Industry	-19.9%	(\$480,800)
General Consumer Goods	-23.1%	(\$429,100)
Fuel & Service Stations	-27.8%	(\$355,800)
Restaurants and Hotels	-27.1%	(\$301,400)
Building and Construction	-22.2%	(285,300)
Foods & Drugs	15.5%	\$13,800
Total Adjustments		(\$2,848,800)
State New 12-Month Deferral Program*		(\$1,200,000)
Revised Budget Estimate for FY 2019-2020		\$20,623,956

*Governor Newsom announced on April 2, 2020 the launch of the sales tax "layaway" program where businesses will be able to "layaway" up to \$50,000 of sales tax liability for 120 months

Other Sources of Revenue

Revenue Source	Adopted Budget	Estimated (%) Decrease	Estimated (\$) Decrease	Revised Budget
Franchise Tax	\$9,948,750	-10%	(\$994,875)	\$8,953,875
Transient Occupancy Tax	\$2,150,000	-35%	(\$752,500)	\$1,397,500
Real Property Transfer Tax	\$320,000	-7%	(\$22,400)	\$297,600
Oil Industry Business Tax	\$4,700,000	-5%	(\$235,000)	\$4,465,000
Licenses and Permits	\$9,500,000	-25%	(\$2,375,000)	\$7,125,000
Total	\$26,618,750		(\$4,379,775)	\$22,238,975



Property Tax Forecast –No changes

- **\$15,274,891 adopted Fiscal Year 19-20 revenue**
- Finance staff sees no reason to expect that property tax revenues for this fiscal year will be impacted to any significant degree
- The mid-year property tax budget review on February 2020 should still be valid.

Community Services Department: Estimated Revenue Loss



Division	Estimated Revenue Loss
Community Center	
Rentals*	\$216,441
% Catering Sales	\$108,792
Transportation	
Carson Circuit	\$19,083
Human Services	
Senior Recreation	\$4,800
Early Childhood	\$157,032
Excursions	\$3,000
Therapeutics	\$9,800
Special Interest	\$3,450
Recreation	
Adult Sports	\$45,920
Aquatics	\$97,021
Boxing Center	\$6,515
Enrichment	\$937
Kids Club	\$242,172
Park Reservations*	\$62,084
Veterans SC	\$1,492
Youth Sports	\$57,120
Total	\$724,408

**Based on cancelled reservation/permits from March - June 2020*